

**BACKENROTH, FRANKEL & KRINSKY LLP**  
800 Third Avenue  
New York, New York 10022  
(212) 593-1100

November 1, 2018

Hon. Louis A. Scarcella  
Office of the United States Trustee  
Long Island Federal Courthouse  
Central Islip, New York 11722

Re: GT Realty Holdings LLC v Samuel Hampton LLC  
Case No. 18-08117(las)

Dear Honorable Sir,

Plaintiff and Defendant have conferred and jointly submit this letter in compliance with paragraph 3 of this court's September 11, 2018 Order.

- (i) This is a fraudulent conveyance action under 11 U.S.C. 548. The Debtor seeks to recover to recover the real property known as 501 Atlantic Avenue, Freeport, New York which was transferred to the Defendant by the Nassau County Clerk by deed dated May 22, 2018, and associated relief.

The Debtor alleges that the Property was transferred based on non-payment of less than \$400,000 of real estate taxes. The Debtor alleges that the Property value at the time of transfer was at least \$2,000,000.

The Debtor's primary argument is that the difference between the Property value and the real estate tax amounts evidences that the transfer was made for less than reasonably equivalent value. The Debtor argues further that the Defendant is not entitled to a presumption that the property was transferred for reasonably equivalent value since there was no pre-transfer marketing of the property. *E.g. In re Smith*, 811 F.3d 228 (7th Cir.), *cert. denied sub nom. Smith v. SIPI, LLC*, 137 S. Ct. 103, 196 L. Ed. 2d 40 (2016); *Hampton v. Ontario Cty., New York*, 588 B.R. 671 (W.D.N.Y. 2018).

Defendant's primary argument is at this point it is unclear which, if any of the liens on Debtor's real property, including but not limited to county, school and village real estate taxes are still attached to real property after the transfer to the Defendant.

- (ii) The Debtor is considering a motion for partial summary judgment on the issue of liability based on, among other things, the case law cited herein.

- (iii) There has been no discovery yet. The Debtor anticipates that there may be a dispute over valuation and the parties may retain expert witnesses, absent an alternative basis to determine value.
- (iv) The parties have had preliminary discussions, and the Debtor is not optimistic regarding the prospect for settlement.

Respectfully Submitted,

*s/Mark Frankel*  
Mark Frankel

cc: Kenneth Henry (by email)